

REPORT
OF THE
Governor and Committee
OF THE
HUDSON'S BAY COMPANY,
TO BE
LAID BEFORE THE SHAREHOLDERS,
JULY 7TH, 1868.



LONDON:
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DIRECTORS.

GOVERNOR.

THE RIGHT HONORABLE
THE EARL OF KIMBERLEY.

DEPUTY-GOVERNOR.

SIR CURTIS MIRANDA LAMPSON, BART.

COMMITTEE.

EDEN COLVILE, Esquire,

GEORGE LYALL, Esquire,

DANIEL MEINERTZHAGEN, Esquire,

JAMES STEWART HODGSON, Esquire,

JOHN HENRY WILLIAM SCHRÖDER, Esquire,

RICHARD POTTER, Esquire,

EDWARD WILLIAM TERRICK HAMILTON, Esquire, M.P.

HUDSON'S BAY COMPANY.

A GENERAL COURT of the Governor and Company of Adventurers of England trading into Hudson's Bay will be held at their House, in Fenchurch Street, on Tuesday, the 7th of July next, at 2 o'clock p.m., when a Report from the Governor and Committee will be laid before the Shareholders, and a Dividend declared.

The Transfer Books of the Company will be closed on the 25th instant and re-opened on the 13th July.

By order of the Governor, Deputy-Governor,
and Committee of the said Company,

WILLIAM G. SMITH,
Secretary.

Hudson's Bay House,
London, June 23rd, 1868.

REPORT.

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Before submitting our half-yearly Report we have to express our deep sorrow at the great loss which the Company has sustained by the death of our late Governor Sir EDMUND HEAD. His well known ability and experience of public business, especially of the affairs of British North America, rendered his services of peculiar value to the Company, to whose affairs he devoted constant and unwearied attention.

The Accounts of the Company, made up to the 31st of May, 1868, and representing the Outfit for the year 1866, have been submitted to the Auditors, and an abstract of the results which they show is now laid before the Shareholders, together with a Report from the Auditors upon certain parts of the Accounts.

Although the Fur Trade Returns for this Outfit were a fair average, we regret to say that the Profit and Loss Account, owing to special circumstances, is less favorable than was expected.

Considerable losses were incurred by the total wreck of the steamer "*Labouchere*," off San Francisco in 1866, and on the unsuccessful voyage of the "*Ocean Nymph*," which was employed in Whale fishing and in an attempt to re-open the trade with the Esquimaux, north of Churchill, in Hudson's Bay, as stated in our last report.

In addition to these losses chargeable to Outfit 1866, we have had to place to that Outfit a large portion of the expenses of fitting out the new steamer "*Labrador*," and some part of the expenses connected with the fittings and alterations of the Company's new premises.

The profitable result of the first Sealing voyage of the steamer "*Labrador*" induced us to send her upon a similar voyage this year, during the period when she could not be otherwise employed. In common, however, with other vessels engaged in the Greenland fishery, she returned without success. This trade, although found to be profitable on an average, is very uncertain in any particular year.

We are happy to say the question as to the Capital of British Columbia and Vancouver's Island has been decided in favour of Victoria, and although the amount of business is still small, there are signs of an improvement in that quarter. We have thought it prudent, however, to be very moderate in our shipments to Vancouver's Island during the last two years, having a sufficient stock of goods in store to take advantage of any improvement that may arise.

In our report in June last, we referred to the probability of negotiations being opened by the Government of the newly formed Dominion of Canada, for the transfer of the Company's Territory to the Dominion. Since that period the Parliament of the Dominion has met, and a joint Address to the Queen has been passed by both Houses, praying that Her Majesty would be graciously pleased to direct that an Order in Council might be passed in conformity with the provisions of the 146th section of the British North American Act, 1867, for annexing to the Dominion of Canada the Territory of Rupert's Land and the North Western Territory. A copy of this Address was transmitted to us by the Secretary of State for the Colonies, and some communications have passed between us and the Colonial Office on the subject of the claims of the Company for compensation, in the event of the cession of its territorial rights: but in the present position of the negotiation we are unable to enter into any details as to those communications. Any basis of an arrangement which may be agreed upon must be subject ultimately to the decision of the Shareholders, who may rest assured that whenever the time arrives, we shall submit this grave question fully and unreservedly for their consideration. It will be for them to determine, after hearing our opinion, what course will be most conducive to the interests of the Company.

We wish we could at length announce the conclusion of the long pending arbitration between the Government of the United States and the Company. Recent advices from our Counsel inform us that our part of the case is

completed, and that he was expecting the close of the evidence on the part of the United States Government. We are greatly disappointed at this vexatious delay, but we have unfortunately, as we stated upon a former occasion, no means of hastening the proceedings.

Since the date of our last report, the condition of Commercial affairs in the city of London has not so materially improved as to induce us to offer for sale the Company's property in Fenchurch Street. A question has arisen with the Officers of the Company abroad respecting their right to participate in the profit arising from the increased value of that property. This question being a purely legal one depending on the construction of the terms of the Deed Poll, which regulates the appropriation of the profits of the Fur trade, we found it necessary after consultation with the Company's principal Officer in Rupert's Land and with our legal advisers, to have it precisely determined, and for that purpose a friendly suit was instituted in the Court of Chancery, which resulted in a decision in favor of the Officers' claim. Although the formal decree of the Court has not yet been transmitted to us, the Vice-Chancellor has decided that the property shall be valued at £55,000. This shows an increased value of £36,127 14s. 8d., two fifths of which will be carried as profit to the credit of the Officers. We propose to deal with this matter in the next Accounts, hoping that in the mean time we shall have been able to realize the property to which it relates.

It having been suggested by a Shareholder at the

General Meeting held in November that the Company should issue Shares to bearer, under the provisions of the Companies' Act of 1867, we have taken the opinion of Counsel upon the point. We are advised that as the Companies' Act of 1862, did not apply to the Hudson's Bay Company, the Company does not come under the provisions of the extending Act of 1867, and that we have no means of carrying into effect this suggestion, even if it were thought desirable to do so.

Looking to the losses to which we have already adverted, we regret that we cannot recommend a dividend of more than Four Shillings per Share, which with the dividend paid in January, will amount to Twelve Shillings per Share for the year.

On behalf of the Committee,

KIMBERLEY,

GOVERNOR.

HUDSON'S BAY

Dr.

BALANCE SHEET

To Amounts due by the Company, viz. :—

Officers' and Servants' Deposits in Hudson's Bay - - - - -

178,756 4 4

Notes in Circulation in Hudson's Bay - 7,482 7 0

Acceptances Outstanding - - - 22,816 19 5

Sundries - - - - - 1,073 17 9

(exclusive of amount due to shippers
in respect of Goods in course of shipment
on 31st May, 1868, not included
in the Assets, per contra.) - - -

210,129 8 0

To Suspense Account - - - - -

37,500 0 0

To Capital - - - - -

2,000,000 0 0

To Profit and Loss :—

Balance of undivided Profits, 1st June,

1867 - - - - - 34,331 13 8

Net Profits for the year - - - 54,874 7 3

89,206 0 11

Less Interim Dividend declared December

1867 - - - - - 40,000 0 0

49,206 0 11

£2,296,835 9 8

REPORT OF AUDITORS.

In signing the Accounts, we have to call attention to the valuation of Furs unsold from the Northern and Western districts, which we have taken as proposed by the Committee ; to the valuation of the Premises in Fenchurch Street, specially alluded to in the draft report shown to us, and to the Loss on the Outfit 1865, viz. £4,097 8s. 8d.,—three-fifths of which forms a

COMPANY.

31st MAY, 1868.

Qr.

By Cash in hand and on Deposit - - -	125,940	4	5
By Sundry Investments - - - -	126,694	5	10
By Amount invested in Fur Trade (exclusive of Goods in course of shipment on 31st May, 1868,) viz. :—Real Property in London and Fleet of Ships, and Steamers employed in the Trade - - -	68,620	6	0
By Valuation of Trading Goods, Provisions and Stores in hand, and advances for carrying on the Trade - - - -	898,290	8	4
By Balance of Outfit, 1865 Account - - -	4,097	8	8
	<u>971,008</u>	<u>3</u>	<u>0</u>
By Balance of Capital as on 1st June, 1863, brought forward - - - -	1,073,192	16	2

£2,296,835 9 5

charge against the Profit and Loss Account of the present year, but is held over by the Committee as against the profit on the Premises in Fenchurch Street in which, as in this Loss, the Traders participate.

WM. QUILTER, }
EDW. W. WATKIN, } AUDITORS.

Hudson's Bay House,
London, June 23rd, 1868.

HUDSON'S BAY

Dr.

PROFIT AND LOSS, FOR THE

To Sundry Expenses not chargeable to
General Account, viz.—

Salaries of Transfer Office	-	-	-	47	10	0
Incidental Charges, including Law Costs, Stationery, &c.	-	-	-	397	6	11
Income Tax	-	-	-	2,285	12	4
Auditors' Fees	-	-	-	300	0	0

3,030 9 8

To Balance carried down, being Net Profit

54,874 7 3

£57,904 16 6

To Interim Dividend

declared 10th December, 1867, being
at the rate of 4 per cent. per annum on
the Capital - - - - -

40,000 0 0

To Balance carried down - - -

49,206 0 11

£89,206 0 11

COMPANY.

YEAR ENDING 31ST MAY, 1868.

Cr.

By Interest and Dividends	-	-	-	47,925	18	6
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By Transfer Fees	-	-	-	-	124	16 6
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By General Account.

For sixty per cent. of the Profit re-						
sulting from the shipments made in						
the years 1864 and 1866	-	-		9,854	1	6

£57,904 16 6

By Balance brought down, being Net						
Profit	-	-	-	-	54,874	7 3

By Balance of undivided Profits, 1st June,						
1867	-	-	-	-	34,331	13 8

£89,206 0 11

By Balance brought down, being the amount						
now available for appropriation	-	-		£49,206	0	11

HUDSON'S BAY CO

GENERAL ACCOUNT

Dr.

EXHIBITING THE PROFIT AND LOSS RESULTS

To Goods, Provisions, Stores, Supplies, Debts and other Articles, as per Inventory of 1st June in the year 1866 -	351,814	2	9	
Valuation of Hudson's Bay House, in London, with its Appurtenances, including the Furniture therein, on the 1st June, 1866 -	18,872	5	4	
Valuation of Ships belonging to the Company on the 1st June, 1866 -	34,050	3	0	
Premises in Lime Street -	3,116	14	7	
	407,853	5	8	
Interest thereon at 5 per cent. from 1st June, 1866, to 31st May, 1868 (2 years.) -	40,785	6	6	
		418,638	12	2
To Goods (the produce of the Country) in hand as per Inventory, 1st June, 1866 -		152,048	12	5
To Goods, Provisions and Stores, supplied for the Outfit of the year 1866 -		298,013	2	5
To Cost of new Steamer "Labrador" and outlay on Fleet, less wear and tear -		8,729	0	2
To Outlay on Premises, Leadenhall Street and Lime Street, less written off -		3,852	2	11
To Sundry Balances and Miscellaneous Disbursements in respect of the Establishments of the Company abroad -		217	13	3
To Expenses incurred in London to 1st June, 1867, viz.				
Outfit and Expenses of Ships -	12,212	6	9	
Governor and Committee Fees -	3,500	0	0	
Salaries, Rent and Office Expenses -	6,508	14	6	
Warehouse Expenses -	2,935	4	4	
Taxes and Expenses in Fenchurch Street -	185	17	0	
Miscellaneous Expenses -	3,538	19	6	
		28,881	2	1
To Balance of Interest at 5 per Cent. to 1st June, 1868 -		35,230	17	3
To Profit applicable to Outfit, 1865 -		208	2	9
To Balance, being Profit on Outfit, 1866 -		12,531	16	7
		£988,351	2	0
To Traders 40-100ths of £16,423 9s. 1d. -		6,569	7	7
To Hudson's Bay Company 60-100ths of Do., carried to credit of Profit and Loss Account -		9,654	1	6
		£16,423	9	1

COMPANY.

1ST JUNE, 1868.

OF THE OUTFIT OF THE YEARS 1866-7.

Qr.

By Net Amount received from the sale of Furs, Peltries and other articles, received as the returns of the year 1866, after deducting all expenses attending or relating to the sale thereof	-	-	-	-	-	-	329,117	12	11
By Goods the produce of the Country in hand	-	-	-	-	-	-	138,480	3	6
By Valuation of Goods, the produce of the Country, in transit	-	-	-	-	-	-	28,000	0	0
By Profits from Insurances, Discount, &c.	-	-	-	-	-	-	1,777	19	9
By Goods, Provisions, Stores, Supplies, Debts and other Articles, as per Inventory 1 st June, in the year 1867	-	-	-	-	-	398,975	4	4	
Valuation of Hudson's Bay House, in London, with its Appurtenances, including the Furniture therein, on 1 st June, 1867	-	-	-	-	-	-	18,872	5	4
Premises in Lime Street and Leadenhall Street	-	-	-	-	-	-	6,968	17	6
Valuation of Ships belonging to the Company on the 1 st June, 1867, as reduced by depreciation and Insurance paid	-	-	-	-	-	-	42,779	3	2
							467,595	10	4
Interest thereon at 5 per cent., from 1 st June, 1867, to 1 st June, 1868, (1 year)	-	-	-	-	-	-	23,379	15	6
							490,975	5	10
							£988,351	2	0
By Balance, being Profit of Outfit 1866, brought down	-	-	-	-	-	-	12,531	16	7
By further Profit, Outfit 1864	-	-	-	-	-	-	3,891	12	6
							£16,423	9	1

1868 JULY PROCEEDINGS MISSING.

